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# The War

## UNITED NATIONS COMMISSION TO INVESTIGATE WAR CRIMES

[Released to the press by the White House October 7]

The President has made the following statement:

"On August 21 I said that this Government was constantly receiving information concerning the barbaric crimes being committed by the enemy against civilian populations in occupied countries, particularly on the continent of Europe.<sup>1</sup> I said it was the purpose of this Government, as I knew it to be the purpose of the other United Nations, to see that when victory is won the perpetrators of these crimes shall answer for them before courts of law.

"The commission of these crimes continues.

"I now declare it to be the intention of this Government that the successful close of the war shall include provision for the surrender to the United Nations of war criminals.

"With a view to establishing responsibility of the guilty individuals through the collection and assessment of all available evidence, this Government is prepared to cooperate with the British and other Governments in establishing a United Nations Commission for the Investigation of War Crimes.

"The number of persons eventually found guilty will undoubtedly be extremely small compared to the total enemy populations. It is not the intention of this Government or of the Governments associated with us to resort to mass reprisals. It is our intention that just and sure punishment shall be meted out to the ringleaders responsible for the organized murder of thousands of innocent persons and the commission of atrocities which have violated every tenet of the Christian faith."

## ADDRESS BY THE FORMER AMERICAN AMBASSADOR TO JAPAN FOR UNITED CHINA RELIEF<sup>2</sup>

[Released to the press October 11]

MR. CHAIRMAN, LADIES AND GENTLEMEN:

Today, the thirty-first anniversary of the Chinese Republic, marks a milestone on a road of determined independence, exalted courage, insuperable staying-power, and magnificent valor—the same sort of staying-power and valor that brought George Washington through the dark days of Valley Forge to

Yorktown and Foch from the Marne to Compiègne—the staying-power and valor that will carry our heroic ally, China, under the superb leadership of Generalissimo Chiang Kai-shek, from the bridge at Luk'ouchiao to final victory.

On this anniversary we salute the Chinese Republic and her leader with the deep affection of a sister republic, with great admiration, and with profound respect. No reverses on the field of battle could quench their indomitable spirit, no seas of disaster were too deep for them to pass through unbroken, no destruction by fire and bomb could subdue or

<sup>1</sup> *Bulletin* of August 22, 1942, p. 709.

<sup>2</sup> Delivered by the Honorable Joseph C. Grew at Carnegie Hall, New York, N.Y., October 10, 1942.

weaken their determination to survive and their will to win. Such nations, such people, and such leaders cannot be defeated.

United China Relief symbolizes the sympathy of the American people for the Chinese people. It is the efficiently humanitarian unifier of many generations of American attitude and effort. American sympathy for China has become an integral part of the American tradition. It is based on the intuitive perception that our two peoples hold many things in common: our respect for the individual as a man, our abhorrence of fanaticism, our allergy to the idea of the state as a religion in itself. Long before the American nation was compelled to gird itself for war in the Pacific, United China Relief showed where American sympathies lay and did its part to comfort and help the innocent victims of brutal aggression in a country which we felt to be a moral ally.

The Pacific war is and will be a hard war. The enemies we face are formidable. They have modern equipment. They have brought every evil and dangerous force in industrialism and technology to a high peak while spurning the democracy, the general welfare, and the humanitarianism which alone can justify the industrial way of life. Our Chinese allies, who have held tenaciously to their own humane culture, are going to have to depend on us for technical and industrial assistance in various fields which they have not yet developed. Supplying both the Chinese forces and our own, we shall have to cross oceans and seas, mountains, valleys, and plains to come to grips with Japanese militarism and destroy it at its roots. Despite enormous difficulties we shall do all this—and win.

In the Pacific theater, as a major theater in this second world war, there are at stake immense issues. In a very real sense, we—we of this country—stand to win or lose greatly in that theater.

Should we lose, the United States would be faced by a master-minded Japan and an enslaved East Asia possessed within itself of every raw material, every climatic zone, all the sources of energy needed to maintain the most formid-

able and autarchic military power. Like Germany in Europe, Japan in Asia is destructive of the free and normal development of civilization. The miseries which the Germans inflict on their fellow Europeans find their counterpart in the fearful miseries which are Japan's gifts to Japan's fellow Asiatics, miseries of which we have had all too abundant evidence. The Japanese Empire seeks dominion over body, mind, and soul of the world's largest populations and over every ounce of the riches of the East. We cannot lose once and win again. We would find it an almost impossible task to fight an enslaved Asia in later years. We must win now.

The Pacific and the Far East, when we have cleared them of the scourge of war, will justify the effort and the sacrifices involved in that achievement. We and the nations in that area that are resisting militarism and aggression are fighting not only for freedom but for world peace, world democracy, and world prosperity. Beyond the general aims of our war for survival there are positive high objectives in the Pacific and Far East to which we can and shall attain.

First, once Japan is destroyed as an aggressive force, we know of no other challenging power that can appear in the Pacific. The nations now members of the Pacific Council in Washington are quite simply fighting primarily for freedom—to live their own national and individual lives and to let live. No one of these powers has serious strategic claims or designs upon the independence or territory of another. There are no frontiers stained with centuries of the bloodshed of international war. The Pacific nations have clear geographical limits, sufficient natural resources, and a proven disposition to cooperate. Once militant Japan is out of the picture, there should remain no threat of further war in the Pacific area. I say this advisedly. Japan is the one enemy, and the only enemy, of the peaceful peoples whose shores overlook the Pacific Ocean.

Second, the winning of the war will bring its own rewards in uniting the Pacific peoples. Friendships and opportunities for mutual education and enrichment, both material and spirit-



ual, possess limitless possibilities for good. The share of the Chinese in the new Pacific is bound to be a great one. Our collaboration with China will be made the easier by the sympathy which United China Relief and its related organizations have shown the Chinese people.

Third, we can hold out the hope of a liberated Japan. A population as great as that of the German Reich waits to be freed not only from its militarist masters but from itself. The Japanese have great cultural assets with which they could continue to contribute to the happiness and civilization of mankind. But they have—particularly in recent years—been led along a road of militarism and overweening extremist ambition which have directed Japanese civilization into a blind alley of potential ruin. We and our allies of the United Nations can free those people of Japan who yearn in secret merely to be allowed to pursue their normal beauty-loving lives, in peace, in their own homes, and in their own cultural surroundings. But we must realize that the captivity in which they are held is no mere temporary phenomenon of an occupying force or of a police control suddenly grown tyrannical: it is the despotism of tradition through the centuries, grown corrupt, savage, and untrue even to its own followers. Whatever desire some of the more enlightened elder statesmen of Japan may have had for peace, they have in recent times been completely overridden by the utterly ruthless extremist elements in the country. Even during the period of our internment in Tokyo the scorn in which they held the Foreign Office was only too evident, and whatever effort was made by the latter to bring our treatment into accord with international usage was in many cases arbitrarily overruled by the military and metropolitan police who dealt with us in the Embassy not merely as prisoners but as though we were criminal prisoners.

In this, again, the role of China is of fundamental import—by reason of China's proximity to Japan, by reason of China's cultural leadership of the Far East. For almost three thousand years Chinese civilization has been

the stabilizer and illuminator of Far Eastern life.

In the Pacific war we are, therefore, not only fighting for progress, for democracy, for the four freedoms of the Atlantic Charter. We are fighting to free the richest cultural heritage of East Asia, and in this fight we are proud of our indispensable ally, China, and of her leader, Generalissimo Chiang Kai-shek.

My friends—and what a profound joy it is to be with and among friends once more after bitter experiences in an enemy land—this war will increasingly demand our maximum efforts, our unbending determination, and, more, our willing sacrifice of many things that we have hitherto accepted and enjoyed as natural concomitants of our daily life. Any unwillingness to make sacrifice implies one of two things, either a weakness in our moral fibre—and we can discard that hypothesis because we are morally as well as physically and mentally and spiritually a strong people—or else a lack of fundamental comprehension of what we are up against in fighting this war.

The spirit of America is awake. The battles we are fighting are far from our homes and the danger is not so imminent to us as it is to those of our allies who have lost their homes. Yet, if we are to keep our homes and our liberties, and our allies are to regain their homes and their liberties, those battlefronts must be pushed back farther and farther until the enemy is engulfed on his own soil. What our people have done and are doing here at home in factory, field, and office is inspiring. Their efforts are being felt on every fighting front. We are working, we are sacrificing even when the battles are distant. But we must not slacken, for, if we do, the war and the fighting will move closer to us and the faith and hope of our allies might grow dimmer.

Every sacrifice we make, every contribution to the war effort we render, either directly or indirectly helps our boys who are grimly battling overseas and those who at home are faithfully guarding our beloved land. "They also serve who only stand and wait." We also serve who sacrifice and give. China has been sacrificing and giving for the past five years,

sacrificing the mellowness of her age-long love of peace and culture, giving in blood and treasure, in suffering and sorrow, yet in steadily strengthening her indomitable will to win. Only when our own will to win is backed by the spirit of sacrifice and contribution of every man and woman in these our United States shall we be assured of victory.

Let me finally say to you this: The war will be well fought and well won if we fight for the world to come and not merely against the enemies who threaten us. A crusade for righteousness and freedom is stronger than the strongest defense. With China and the other United Nations, as we fight the war, we shall build the future.

#### ADDRESS BY THE FORMER AMERICAN AMBASSADOR TO JAPAN TO THE CANADIAN NATIONAL VICTORY LOAN CAMPAIGN<sup>1</sup>

[Released to the press October 9]

The occasion which brings us together is of importance in the unfolding of our common war effort. The Dominion of Canada preceded the United States into the world conflict and into a war economy, and it now precedes the United States in the launching of a Third Victory Loan which throws additional resources of the Canadian people into the stupendous military and economic effort demanded for victory. As an American, as an official of the Government of the United States, I take profound pride in the accomplishments of our near neighbor, Canada. I realize that our two democratic peoples have much in common, share much, suffer much, gain much together in these modern days, and that now, as comrades in arms, we are equally faced with the all-important problem of achieving victory in the greatest war of all time.

My presence here is, if I may interpret it, due to your wish to hear something of our enemy, Japan, from one who has lived long in the hostile atmosphere of that aggressive land and has recently returned to the continent of our joint security. I can testify that the change is more than pleasant: it is a change from a heavy and offensive atmosphere to the open air that is breathed only in free countries.

I have had Japanese friends, many of them. I have seen most of them, one by one, swept away by devices of falsehood and fanaticism, until at the last the Embassies and internment camps stood far apart and lonely like besieged

islands of free thought in an enslaved country. Even after war broke out and we were shut off from the normal contacts—official and personal—which had constituted our life for so many years, we realized that in the outer darkness of a militarized Japan a few hardy souls still thought in terms of humanity. A few were still free to question, if only within the privacy of their own consciences, the short-range triumphs which so clearly implied the long-range ruin of Japan.

Tonight when I say that Japan is ruined I offer no glib assurance of your triumph and ours in the cause of democracy and human progress. I mean only that even if Japan were to win the war—which it surely will not—the Japanese people would face the ruin of their business and their social system.

If they were to win they would be still as they are today, enslaved by their own leaders. The faltering steps which they have made toward constitutionalism, toward humanitarianism, would be undone. Pawns under a senseless but mighty militarism, the nation would turn toward a new age of darkness blacker than any that they have known before.

On the other hand, when Japan loses they will pay the price of false war. Over and above the obligations which they have incurred to the invaded nations, they will owe themselves a debt—a debt of economic spoliation for this vain war, of Japanese already dead and the millions more who must and will die, of the demoralization which will beset them when they realize the falsehood and tragedy of the slogan which their leaders have "sold" them,

<sup>1</sup> Delivered by the Honorable Joseph C. Grew in Toronto, Canada, October 8, 1942.

the "Greater East Asia Co-Prosperity Sphere". Surely we have had ample evidence—in Korea, in Formosa, in Manchuria, and in other parts of occupied China—of Japan's interpretation of the euphemistic term "Co-Prosperity". I need not elaborate that subject.

Japan faces ruin. The problem which confronts us is, on the one hand: How do we escape being drawn down into it? It would be small comfort to us to see Japan eaten up by a monstrous militarism if the same militarism devoured us. Canada and the United States cannot stand apart from the destiny of the peoples on the other side of the Pacific. Either Japan destroys us all, including the Japanese people themselves, or we destroy the militarism of Japan and win for all the Pacific peoples the just and free society which we believe to be the rightful condition of all nations.

There are many questions which we have been asking ourselves since the grim forenoon of December 7, 1941. Some of these questions will be answered only by the historians of the far future. Why did Japan attack the United States and the British Commonwealth of Nations? Why did the Japanese wish to destroy us? Why did they risk the venture of war with our peoples, who are known for industrial power and for potential military capacity? Did the Japanese indeed make the most monumental miscalculation in all history? Are they foolish fanatics who have chosen a suicidal war as the only way out from their humiliation by Chinese resistance? Questions such as these have been asked me ever since my return from Tokyo.

I fear, alas, that no man living could answer all these questions. If there is anyone who knows all the answers, I for one would like to learn from him. I know that there are many important points about the Japanese mind and spirit which have puzzled and troubled me and which are probably not clear to the Japanese themselves. Nevertheless, I will put before you two of the main questions, and try to give answers to them which—time and circumstance permitting—I believe to come near to the heart of the matter.

First, why did the Japanese make this war upon us?

Second, how do the Japanese leaders—fanatical but coldly calculating men—dare dream of victory over the combined power of the British Commonwealth of Nations, the United States, China, and the other United Nations?

First question first: Why did they make war upon us?

The Japanese attitude toward the English-speaking peoples is based on a concept of Japanese superiority and strength and of our inferiority and weakness. Part of this is a product of their mythology, the only neolithic mythology in the world which still plays a part in the affairs of a government. A part of it is a product of national vanity. A part of it is—in the Japanese view—logical, matter-of-fact, and well founded.

The Japanese have long known that the man who thinks he is superior is *ipso facto* handicapped. The Japanese have known what we thought of them, that they were little fellows physically, that they were imitative, that they were not really very important in the world of men and nations. Believe me, I have been shamed more than once by the braggadocio, self-confidence, and condescension manifested by our English-speaking peoples; and I have grown apprehensive as, through the years, I have observed the Japanese observing us. I have realized the cold, withering contempt of the Japanese for those of our race who gloried in power without possessing the fundamentals of power or who complacently viewed the possibility of war with Japan without understanding how formidable the Japanese really were.

The Japanese have made comparisons not favorable to us. They have pointed to their own thrift and compared it with our wastefulness. They have looked at their own national unity and national reverence and have contrasted it with our partisanship and our readiness to laugh at ourselves. They have seen the comforts with which we have surrounded ourselves, and they envy us these even while they despise us for our possession and enjoyment of them.



It is not meaningless that in Japanese thought "Oriental culture" stands as the antithesis to luxury. To many Japanese, culture means a Spartan ability to endure hard work, hard living, and hard fighting. The inconsistency of their position—the fact that they should pride themselves on their simplicity and ruggedness while fighting to gain material riches—is not apparent to most of them. They look upon us as boastful, vainglorious, rich, and flabby. They think that we are physically soft. They think that our minds are filled with gross considerations of comfort, personal greed, and shallow partisanship.

I have no wish to praise a people who are your enemies and mine, but I must—in the interests of our safety—remind you of a few of their formidable characteristics.

They are united. Theirs is a unity of solidarity. Foolish or wise though their war government may be, they support it. They believe in the divinity of their Emperor and, through him, in the rightness of their war leaders. For years they have prepared themselves collectively and individually for war. Germany and Italy possess groups of unknown size and power which await only the time and opportunity to revolt. In Japan there are no such groups.

They are trained. The Japanese have said openly that their weapons were inferior to ours, but they counted on the fact that we supposed them to be even less well equipped than they really were. This would give them an advantage. This advantage could be further supplemented by their discipline, by their universal training, and by the fact that all Japanese men—all the able-bodied men in Japan—have military service. Trained men and armies with fair weapons can often defeat untrained men and armies with excellent weapons.

They are frugal. The Japanese Empire has almost thrived on shortages. Bottlenecks, absences of materials, and vexing priorities have existed in other countries under conditions which would have meant abundance to the Japanese. In the midst of poverty they have built an enormous military machine. They have not done this with wastefulness. They have done

it with care and thrift and economy and conserving of materials. The food which we, even now, throw away in North America would go a long way toward supporting the population of Japan.

They are fanatical. They believe in their war, in the government which wages it, and in the incorruptible certainty of their national cause. Who knows how far back the sources of this national faith may lie? Some parts of it go back to the half-mythical centuries of their history before the time of Christ. Others rest, perhaps, in the centuries of sporadic struggles with the Chinese which ended with the great naval victories of the seventh-century Chinese fleets. The shoguns, who began the system of ruling through puppets a thousand years ago, and then the feudal lords contributed their share. Medieval civil wars, then, bequeathed traditions which toughened Japan for foreign war today.

They are, at least in war, totalitarian. Long ago, while Germany and Italy were still picturesque agglomerations of petty states, Japan was governed by dictatorship, secret police, elite guards, suppressors of "dangerous thoughts", summary courts, and hidden executioners. The Tokugawa shogunate, which preceded the present modernized government, was effectively totalitarian and authoritarian.

We have learned in our time what totalitarianism means. It means the end of political freedom, of religious freedom, of any freedom, of any true culture. It also means concentrated political, economic, and military power. This power can be used swiftly and ruthlessly by despots who do not stop to explain—still less to justify—their ends or their means. Japan did not have to turn Fascist or National Socialist; morally, Japan already was both. Japan has needed no Hitler. In a certain sense, her militarists are an oligarchy of Hitlers. Democracy was an experiment into which the Japanese ventured only slightly and cautiously. The society itself and its values remain today, in wartime, regimented and authoritarian. Let me give you a few examples. [Off-the-record talk.]



With such capacities and such a government, is it suprising that Japan's leaders did not fear war and that they led their nation confidently into war? At this very moment the Japanese feel themselves, man for man, superior to you and to me and to any of our peoples. They admire our technology, they may have a lurking dread of our ultimate superiority of resources, but all too many of them have contempt for us as human beings. Add to all this their overweening ambition for conquest and you can begin to follow the warped but persuasive lines of intuition and belief which led Japan to attack us.

Yet we now try to give an answer to the second question: Do the Japanese think that they can win this war?

The Japanese leaders do think that they can and will win. They are counting on our underestimates, on our apparent disunity before—and even during—war, on our unwillingness to sacrifice, to endure, and to fight.

The leaders of Japan are not suicidally minded incompetents. History will show that they have made a miscalculation; but they have miscalculated less than most of us suppose. In this they find strength.

Japan has won before by the same strategy that she has followed in the launching and the waging of this war. In 1894 and 1895 Japan defeated the gigantic Manchu Empire of China. Her armed forces won because the nation was prepared, united, determined. The Manchu court of China was corrupt and unprepared, the Chinese Government was supine and disunited, and the Chinese people never had a chance to fight. In 1904 and 1905 Japan attacked and defeated the Empire of the Tsars. Her armed forces attacked Port Arthur, like Pearl Harbor, murderously and in stealth. Port Arthur, like Bataan, withstood a siege and then surrendered. In St. Petersburg and Moscow there was revolt, occasioned largely by the corrupt mismanagement of the war and a popular distrust of the government. The Tsarist government negotiated peace. Japan could not have defeated Russia; she did defeat the Tsarist army when the people and government behind the Army were disunited and

the productive system did not stand up. Later I saw disunion and defeat lingering on in St. Petersburg, and the unhappy remembrance of it has remained in my mind to this day. Finally, Japan, as an ally of the Allies, fought Germany in the first World War. Germany did not fight to the bitter end. The Germans did not wait for their country to be invaded. They gave in before the Rhine had even been reached—they surrendered even after they had won the Eastern front and had seemed victorious. The Japanese noted this and did not forget it.

Japan remembers these victories. The Japanese may not intend to take New Orleans or San Francisco or Vancouver or Toronto—in this war. They do intend and expect, in dead seriousness, to conquer Asia, to drive us out, to force us to make a peace which will weaken us and cause us to grow weaker with time. And then later, in 5 years, or 10 years, or 50 years, they would use the billion men of an enslaved Asia and all the resources of the East to strike again.

There is no limit to the Japanese desire for conquest. Given this desire, given their estimate of us, the attack on Pearl Harbor was a logical development. Your Government and mine were aware of this. The closure of commercial relations and the scale of our rearmament—late though this was—were influenced by that knowledge.

When the Japanese militarists, committed absolutely to the course of conquest, took measure of their military resources and perceived the extent of democratic rearmament, they had to gamble. The gamble was heroic but not that of a mere game of chance. Their well-planned campaigns southward were brilliant accomplishments. Today Japan is stronger than ever. We now face not only Japan but Japan and Japan's conquests. These conquests are greater than we have permitted ourselves to realize. They include more than 10 times the area of the Japanese Empire as it stood a year ago, Chinese territory, British territory, Dutch territory, American territory. They include populations aggregating three times the population of the Japanese Empire; many climes and

vast resources; a huge aggregate of human beings, the majority of whom are docile and are capable of tremendous toil. True, we are counter-attacking. Canadian and American planes are hammering at the Japanese in the Aleutians. British and American planes are striking at the Japanese in Burma. Chinese and American planes are bombing points in occupied China. Australian and American planes are counter-attacking in the South Pacific. But Japan is on the inner circle, and she is busily developing the resources and the manpower that she has seized.

No one—any longer—can prattle now of defeating Japan in three months. We hear no longer about the tinder cities of Tokyo and Osaka. We do not jest about the Japanese fleet nor about their air force. We know that we face a destructive, united enemy and that we must bring to bear against that enemy force as united as and greater than that which he has marshaled.

Given our counter-attack, given a new conception of ourselves and of what we must do in face of the crisis which Japan has thrust upon us, we shall find the future promising. There is no easy way to victory. We must work, we must fight, we must sacrifice, we must conserve. We must give up our easy living, deny ourselves luxuries, devote our wealth to the commonwealth.

Your third victory bonds offer a new opportunity. When you and we and our allies have put in our money, produced the weapons of which we are capable, fought the battles which we are preparing to fight, we will demonstrate that the Japanese, too, have underestimated us.

The Chinese have shown Japan that the Japanese underestimated the patriotism, the courage, and capacity for common effort of China. We too must show the Japanese that they have underestimated Canada and the United States. Their war is still a gamble. We must turn it into their greatest mistake. We must show them that we, nations of free men, have an inner discipline more to be relied upon than all the military training of the regimented would-

be-conqueror nations. We face an old totalitarianism; we ourselves are old in the ways of freedom.

Most of all, we must show the Japanese that all the military power on earth is less than the power of reason, of high ideals, of good faith, of freedom. The Japanese have left ethics out of their calculations. They forgot humanity. They have outraged and horrified the world. They have lied brazenly. We can and will show them that ethical conduct and humanity and freedom and truth are vital and real and triumphant. We can and will strike them with the impact of free men fighting in defense of freedom.

Our United Nations leaders have enunciated the aims of this war in terms of the Atlantic Charter, the United Nations Declaration, and other public statements for democracy and against aggression. These are not mere rhetoric. Belief in and determination to preserve spiritual values are our sword and our shield, nay, more, our secret as well as—to those who can see—our visible weapon. We fight for freedom. We fight for the future. We fight as free men, by voluntary sacrifice. Our governments offer us the chance to win this war by our own willingness to make, each and every one of us, the maximum contributions of which he is best capable. I believe that every one of us will seize that chance.

I thank you for your generous hospitality in Toronto. I rejoice to stand tonight on Canadian soil, the soil of a sister country and ally with whom my own country is linked in what is perhaps the greatest of all common interests: a common fight to the death to preserve our respective freedoms. In closing permit me to quote from the diary of an American soldier, Martin Treptow, who fell at Chateau Thierry in 1918; the quotation is worth remembering and acting upon today:

"I will work; I will save; I will sacrifice; I will endure; I will fight cheerfully and do my utmost; as if the whole struggle depended on me alone."

## ADHERENCE OF ETHIOPIA TO THE DECLARATION BY UNITED NATIONS

[Released to the press by the White House October 9]

The President has received the following cablegram from Haile Selassie, Emperor of Ethiopia:

"My Government and people are anxious to assume the obligations of the United Nations pact. We the first nation to regain its freedom and independence wish to place the military and economic resources of our country at the disposal of those nations who gladly sacrifice all for liberty and justice."

The President replied as follows:

"I have received Your Majesty's telegram stating that your Government and people are anxious to assume the obligations of the Declaration by United Nations and that Ethiopia desires to place its military and economic resources at the disposal of the nations which gladly sacrifice all for liberty and justice.

"It is gratifying to accept the adherence of Ethiopia to the Declaration by United Nations; to welcome as one of the United Nations the first state to regain its territory after temporary oc-

cupation by an Axis aggressor. You may be sure that there is deep appreciation for your offer to place at the disposal of the United Nations the military and economic resources of Ethiopia for use in the struggle against the common enemy."

## PROTOCOL REGARDING THE DELIVERY OF MILITARY EQUIPMENT TO THE SOVIET UNION BY THE UNITED STATES AND GREAT BRITAIN

[Released to the press October 6]

There was signed on October 6 by the Honorable Sumner Welles, the Acting Secretary of State, His Excellency Maxim Litvinoff, the Ambassador of the Soviet Union in Washington, and Sir Ronald Campbell, British Minister in Washington, a protocol regarding the delivery by the United States and Great Britain to the Soviet Union of military equipment, munitions, and raw materials.

This protocol gives formal expression to agreements, already in effect for some months, which provide for the continuance without interruption of the supply program inaugurated at the Moscow Conference a year ago.

## The Far East

### EXTRATERRITORIALITY IN CHINA

[Released to the press October 9]

The President of the United States in the year 1934 and the Department of State on various occasions since, and as announced on July 19, 1940 and on May 31, 1941, expressed the willingness of this Government, when conditions should be favorable therefor, to negotiate with the Chinese Government for the relinquishment of the extraterritorial and related rights and privileges hitherto possessed by the United States in China.

On October 9, 1942 the Acting Secretary of State informed the Chinese Ambassador in Washington that the Government of the United States is prepared promptly to negotiate with the Chinese Government a treaty providing for the immediate relinquishment of this country's extraterritorial rights in China and for the settlement of related questions and that the Government of the United States expects in the near future to present to the Chinese Government for its considera-



tion a draft treaty which would accomplish the purpose mentioned.

The Government of the United States has during the past several weeks exchanged views with the British Government in regard to this general question, and the Government of the United States is gratified to know that the British Government shares this Government's views and is taking similar action.

The above press release was accompanied by the following "Note to the Press":

"For reference to other steps taken by this Government and to developments in the Far East, since 1931, having a bearing upon the subject-matter of this statement, see the Department's press release no. 351, July 19, 1940 [which appeared in the *Bulletin* of July 20, 1940, page 36], and no. 268, May 31, 1941 [which appeared in the *Bulletin* of May 31, 1941, page 661]."

*Press Release No. 351 of July 19, 1940*

In response to inquiries from press correspondents with regard to the British Prime Minister's comments upon the question of extraterritoriality in China included in his statement of July 18, the Acting Secretary of State, Mr. Welles, commented as follows:

"The most recent statement of this Government on this subject is contained in a note presented on December 31, 1938,<sup>1</sup> to the Japanese Government, which mentions *inter alia* the progress made toward the relinquishment of certain rights of a special character which the United States together with other countries has long possessed in China. In 1931 discussions of the subject between China and each of several other countries, including the United States, were suspended because of the occurrence of the Mukden incident and subsequent disrupting developments in 1932 and 1935 in the relations between China and Japan. In 1937 this Government was giving renewed favorable consideration to the question when there broke out the current Sino-Japanese hostilities as a result of which the usual processes

of government in large areas of China were widely disrupted.

"It has been this Government's traditional and declared policy and desire to move rapidly by process of orderly negotiation and agreement with the Chinese Government, whenever conditions warrant, toward the relinquishment of extraterritorial rights and of all other so-called 'special rights' possessed by this country as by other countries in China by virtue of international agreements. That policy remains unchanged."

*Press Release No. 268 of May 31, 1941*

The text of a letter dated May 26, 1941 from the Appointed Minister of Foreign Affairs of the Republic of China, His Excellency Dr. Quo Tai-chi, to the Secretary of State, the Honorable Cordell Hull, follows:

"SAN FRANCISCO, May 26, 1941.

"MY DEAR MR. SECRETARY:

"I am shortly to depart from the United States for China and wish to send you a word of farewell and of thanks for the cordial hospitality extended to me during my brief stay in Washington.

"It was very gratifying to me to receive in person during our conversations the extended account which you were so good as to give me of the attitude and policy of the United States in regard to problems, both economic and political, which are of concern to the whole world, and especially to your Government and mine, in this unhappy period of disturbance, violence and distress.

"With the general principles of the foreign policy of the United States, which were set forth in your public statement of July 16, 1937,<sup>2</sup> I have long been familiar. I could, therefore, readily appreciate the importance which, as you indicated in our conversations, your Government attaches to the principles of world order under law and of equality of treatment among nations, and to general recognition of the need for freer international trade and for broader cultural exchange. My Government

<sup>1</sup> *Press Releases* of December 31, 1938, (vol. XIX, no. 483), p. 490.

<sup>2</sup> *Ibid.*, July 17, 1937 (vol. XVII, no. 407), p. 41.



shares the desire and the hope of your Government that there may be brought about by processes of agreement conditions in world affairs in which those principles will be universally accepted and applied.

"You will recall that on August 12, 1937,<sup>1</sup> there was sent to you a communication from my Government endorsing the principles enumerated in your statement of July 16, 1937, and stating that China's policy was therefore in full harmony with the views of the Government of the United States. Such was the position of China then, and such is its position now.

"My country has for nearly four years been fighting in self-defense. During this period the Government and people of the United States have shown great friendship and sympathy for the Government and people of China. The Chinese Government and people deeply appreciate the attitude, the policy, and the action of the Government of the United States. We feel, moreover, that our attitude, objectives and policies are constantly evolving along lines more and more completely in harmony with those of the United States.

"My people are traditionally believers in nondiscrimination in international commercial relations and in the broad principles of cooperation and fair-dealing among nations which are implicit in the faithful observance of international agreements and the adjustment of problems in international relations by processes of peaceful negotiation and agreement freely arrived at. We believe in and subscribe to the principle of equality of commercial opportunity and nondiscriminatory treatment. Our Government gave clear indication of this nearly a century ago when there were being negotiated the first treaties between China and Occidental countries.

"Upon restoration of peace, the Chinese Government desires and expects to seek and to effect the fullest application of those principles in its own economy and in its political and economic relations with other countries.

<sup>1</sup> *Ibid.*, August 21, 1937 (vol. XVII, no. 412), p. 123.

"With many pleasant recollections of my visit to Washington, and with my kindest personal regards, I am, my dear Mr. Secretary, Yours sincerely,

QUO TAI-CHI"

The text of a letter dated May 31, 1941 from the Secretary of State, the Honorable Cordell Hull, to the Appointed Minister of Foreign Affairs of the Republic of China, His Excellency Dr. Quo Tai-chi, follows:

"DEPARTMENT OF STATE,

"Washington, May 31, 1941.

"MY DEAR MR. MINISTER:

"I acknowledge the receipt of and thank you for your letter of May 26, 1941 in regard to your visit to Washington and to our conversations during your short sojourn here.

"We greatly enjoyed your visit.

"It is very gratifying to receive in your letter reaffirmation of the endorsement by the Chinese Government and people of the general and fundamental principles which this Government is convinced constitute the only practical foundation for an international order wherein independent nations may cooperate freely with each other to their mutual benefit.

"As you know, the program in which the Government and people of the United States put their trust is based upon and revolves about the principle of equality of treatment among nations. This principle comprehends equality in international relations in a juridical sense, nondiscrimination and equality of opportunity in commercial relations, and reciprocal interchange in the field of cultural developments. Implicit in this principle is respect by each nation for the rights of other nations, performance by each nation of established obligations, alteration of agreements between nations by processes not of force but of orderly and free negotiation, and fair dealing in international economic relations essential to peaceful development of national life and the mutually profitable growth of international trade. One of the purposes of this program is to effect the removal of economic and other maladjustments which tend to lead to political conflicts.

"As you are also aware, the Government and people of the United States have long had a profound interest in the welfare and progress of China. It goes without saying that the Government of the United States, in continuation of steps already taken toward meeting China's aspirations for readjustment of anomalies in its international relations, expects when conditions of peace again prevail to move rapidly, by processes of orderly negotiation and agreement with the Chinese Government, toward relinquishment of the last of certain rights of a special character which this country, together with other countries, has long possessed in China by virtue of agreements providing for extraterritorial jurisdiction and related practices.

"This Government welcomes and encourages every advance made by lawful and orderly processes by any country toward conditions of peace, security, stability, justice and general welfare. The assurances given in Your Excellency's letter under acknowledgment of China's support of the principle of equality of treatment and nondiscrimination in economic relations should have wholesome effect both during the present period of world conflict and when hostilities shall have ceased.

"The Government of the United States is dedicated to support of the principles in which the people of this country believe. Without reservation, we are confident that the cause to which we are committed along with China and

other countries—the cause of national security, of fair dealing among nations and of peace with justice—will prevail.

"With kindest regards and best wishes, I am, my dear Mr. Minister,

"Sincerely yours,

CORDELL HULL"

#### NATIONAL ANNIVERSARY OF CHINA

[Released to the press October 10]

The text of a message from the President of the United States to His Excellency Lin Sen, Chairman of the National Government of the Republic of China, on the occasion of China's national anniversary, follows:

"THE WHITE HOUSE, *October 10, 1942.*

"It gives me deep pleasure on this national anniversary of your country to convey to Your Excellency and to the people of China the warm greetings and the whole-hearted congratulations of the people of the United States. During the past year the bonds of friendship which long and happily have existed between our peoples have been welded even stronger in a common struggle against predatory enemies who are attempting to stamp out the freedom which your country and mine so greatly cherish. This anniversary affords us occasion to reemphasize our determination to press forward until the cause of freedom shall be victorious.

FRANKLIN D ROOSEVELT"

## Commercial Policy

### TWENTY-NINTH NATIONAL FOREIGN TRADE CONVENTION

#### ADDRESS BY THE ACTING SECRETARY OF STATE<sup>1</sup>

[Released to the press October 9]

Just a year has passed since I last had the privilege of addressing the National Foreign Trade Convention.

<sup>1</sup> Delivered by the Honorable Sumner Welles at the World Trade dinner of the Convention in Boston, Mass., October 8, 1942, and broadcast over the Blue Network.

During the short space of these 12 months the people of the United States have passed through some of the most portentous events they have known in their entire history. They have experienced the most far-reaching changes in their national life which they have yet undergone. They are confronting the gravest dangers they

have ever yet had to face. They are now engaged in the greatest war that mankind has suffered.

And yet as we look back over the record of these past 12 months I think we may well feel proud that we are American citizens.

From the moment of the attack upon Pearl Harbor the people of the United States have rallied magnificently.

Owing to the nature of the universal war in which we were plunged, it became immediately necessary to send our troops to far-flung outposts in the seven seas. The gigantic difficulties in the carrying out of the strategic plans involved stagger the imagination. They have been met successfully.

We are raising the greatest army our people have ever needed, and we all of us know the superb way in which that task has been carried out.

Every day that passes our Navy justifies more completely the historic pride which the American people have held in it.

And in the field of production the vast goals announced by the President last winter will in some particulars not only be met but be surpassed. Our production will be far greater than any but a very few of our citizens could then have expected.

At this very moment our air force, our Army, and our Navy are fighting with our allies in regions of the Atlantic, of the North Pacific, in many parts of Asia and of the South Pacific, in the Mediterranean and the Near East and are likewise joined with our neighbors of the Americas in guarding the Western Hemisphere. Every hour that passes, these forces of ours are becoming stronger and more efficient. Nor do we ever forget the memory of those who, in the defense of our liberties, have already gallantly laid down their lives in battle against our enemies.

None of us can deny that some of us have fallen down on our jobs, nor that some of us have not realized fully enough the stark evil of the foes who confront us, the vastness of the military resources of our enemies, nor the magnitude of the stupendous task which lies ahead of us. Many of us do not yet realize fully

how great are the sacrifices every citizen must make to insure the success of the war effort, nor the inescapable fact that the individual life of every one of us is going to be changed as a result of the holocaust in which the world has been plunged by the criminals of the Axis powers.

But I have never thought that the American people needed to be browbeaten or bludgeoned into defending their independence and their homes. What the American people require is to be told the truth, as the President of the United States, with courage, with foresight, and with utter frankness, has been telling it to them. They can take it. And when they know the facts no people on earth are capable of greater accomplishment.

Democracies may take long to prepare for war or to engage in war, but, when the free men and women of a democracy such as ours are at war to preserve their liberty and their faith, they will never fail to excel the regimented slaves of the dictators. We are fighting for our own independence and for the right to live in a decent and a peaceful world. The hosts of Hitler, of the Japanese war lords, and of the Italian Fascist racketeers are being slaughtered because of the insane delusion of their masters that they could make the resources of the world their own individual loot.

Of the outcome of this gigantic contest I have not the shadow of a doubt.

For I am not one of those few who believe that "we are losing this war". I not only believe that we are going to win this war, but I know that however long the struggle may be, however mountainous the obstacles that must yet be overcome, the American people will never lay down their arms until the final and complete victory is won by the United Nations.

In the grim struggle which lies before us we are fighting side by side with the other partners of the United Nations.

Never in the long centuries of modern history have men and women fought more gloriously than have the armies of the Soviet Union. Their epic and successful resistance to the onslaughts of Hitler's forces a year ago not only gave the lie to Hitler's boasts that he could crush the Russian Army but constituted in it-



self the major triumph of the United Nations in the war until that time. And once more through the long summer of 1942 the Soviet heroes have held firm.

We don't hear Hitler tell the German people this year that the Soviet Union will quickly crumble before his offensive. He doesn't dare. For he knows that the German people have learned to their bitter cost that Hitler's promises in this case, as they will soon learn they are in every case, are but the empty lies of a rapidly deflating demagogue.

The United States and its associates among the United Nations must render the utmost measure of assistance to the Soviet Union. Whether that assistance be through the furnishing of arms, equipment, or supplies, or whether that assistance be by means of the diversion of German armies forced upon Hitler through the creation of a new theater of operations, the fullest measure of every means of help will be given. The surest way to insure the defeat of Hitler is to give this help and to give it unstintingly at the earliest possible moment.

The amazing efforts of the British air force in its all-out attacks upon Germany have long since shown the German people how much value they can attach to the assurances given them by the Nazi leaders that Germany would never be bombed. The havoc and devastation created by these British flyers, now joined by our own air forces, are crippling war plants, munitions factories, shipyards, and railways and gravely impairing the German effort to maintain the earlier levels of war production.

Nor can we here in the United States ever fail to remember with profound gratitude and renewed encouragement that 11 of the other republics of the Americas are joined with us, side by side, in the war and that 7 other republics have severed all relations with the Axis and are rendering their neighbors who are at war every form of cooperation and assistance. It is true that the remaining 2 republics of the 21 have still refrained from carrying out the unanimous recommendations of the Inter-American Conference of Rio de Janeiro, in which they themselves joined, that

all of the Americas sever all relations with the Axis, and are still permitting their territory to be utilized by the officials and the subversive agents of the Axis as a base for hostile activities against their neighbors. As a result of the reports on Allied ship movements sent by these agents, Brazilian, Cuban, Mexican, Colombian, Dominican, Uruguayan, Argentine, Chilean, Panamanian, and United States ships have been sunk without warning while plying between the American republics, and as a result many nationals of these countries have lost their lives within the waters of the Western Hemisphere. But I cannot believe that these 2 republics will continue long to permit their brothers and neighbors of the Americas, engaged as they are in a life-and-death struggle to preserve the liberties and the integrity of the New World, to be stabbed in the back by Axis emissaries operating in the territory and under the free institutions of these 2 republics of the Western Hemisphere.

Not until freedom was in mortal danger throughout the earth did liberty-loving nations fully learn the lesson of collaboration. Had that lesson been learned earlier, had the United Nations found their unity in anticipation of attack rather than under the urgent pressure of attack, the maximum effectiveness of our war effort would have been reached far more speedily. It is now evident that in the cooperation and unity of the United Nations lies our ultimate victory. I believe that it is equally true that in the continuance and timeliness of that cooperation also lies our hope for an honest, a workable, and a lasting peace.

The unity which the free peoples have achieved to win their war must continue on to win their peace. For since this is in truth a people's war it must be followed by a people's peace. The translation into terms of reality of the promise of the great freedoms for all people everywhere is the final objective. We must be beforehand in charting the course toward that objective. The clearer we can make the outlines of the peace, the firmer will be our determination to attain it, the stronger our will to win the war.



One hears it said that no thought should be given to the problems of the peace, nor to the problems of the transitional period between war and established peace, until after the war has been won.

The shallowness of such thinking, whether sincere or sinister, is apparent.

In many cases it is due, I think, to what Plato terms "double ignorance": when a man is ignorant that he is ignorant.

It does not detract from our war effort, nor from the single-minded drive of the Nation towards the ultimate victory, that our people should be thinking of, and planning for, the kind of world of the future in which peace can be maintained and in which men and women can live out their lives in security and free from fear.

Such efforts, in my judgment, contribute directly to the drive towards victory.

The setting up now of efficient machinery to deal with such problems as relief and rehabilitation, for example, which will accompany victory, cannot fail to strengthen the resolve of all liberty-loving peoples, including those in areas now occupied by the enemy, to bring the conflict to the speediest possible conclusion; it cannot fail to make them realize that the sort of world for which we are striving is worth the sacrifices of war, is worth the cost of victory.

It is clear to all of us, I think, that the United Nations must maintain their unity beyond the immediate task of prosecuting the people's war in order to prepare for and insure to the people their peace.

Point four of the Atlantic Charter promises "to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity".

This promise, and the balance of the Charter, the United Nations adopted as their own by their common declaration of last January 1.

How do they propose to make it real?

Some things at least are clear.

Access to raw materials does not mean and cannot mean that every nation, or any nation, can have the source of all of them within its borders. That is not the way the world was put together. Coal and iron in combination are found in few locations. Much of the nickel of the world is in one great Canadian deposit. Neither coffee nor cork will grow in the United States. No nation can be self-sufficient by changes in its boundaries, and those who try by force to do so, as the Axis leaders have tried, bring on themselves inevitably only their own destruction. The path to plentiful supplies does not lie through physical control of the sources of supply.

The problem of raw materials is not exclusively, or even primarily, a problem of colonial or undeveloped areas. The great mineral deposits exist chiefly in countries that are already self-governing, such as the United States, the Soviet Union, Canada, Germany, Sweden, South Africa, Mexico, Brazil. Access to raw materials does not mean possession of a colony. It means effective power to buy in the world's markets.

The legal right to export raw materials has seldom been restricted by producing countries. True, the United States and other countries sometimes have been guilty of forbidding the export of certain things needed for production elsewhere, for fear that others might obtain the means to trespass on their markets. But those cases were rare. Countries producing raw materials desired normally to sell their surplus, and the problem usually was to find a profitable market. The right to buy was real and satisfied peace-loving peoples. Belgium, Denmark, Sweden, Switzerland, Czechoslovakia, Norway, not to speak of the United States and England, bought in the years between the wars great quantities of foreign raw materials, and none of them claimed that they needed greater resources to live. The countries that complained and shrieked that they must have colonies or die have shown now by their conduct that what they wanted was not prosperity and peace but the materials for making war.

For war, indeed, one cannot count on overseas supplies, and an aggressor must first corner all he can of coal and iron and oil and copper, in the ground or out of it.

But the Atlantic Charter does not propose to aid aggression. It proposes, on the contrary, to make sure that aggression does not happen, and to that end the United Nations will create the necessary instruments—and this time they will be effective instruments and must be firmly used—to make it certain that any power that again threatens to enslave its neighbors is denied the means to do so. The materials of war must be denied to any future Hitler.

The access to raw materials of which the Charter speaks is access for the purposes of peace. For that purpose it matters little in whose territory particular resources are found. Access means the right to buy in peaceful trade, and it exists whenever that right is effective and secure.

What forces then have interfered with that right in the past or may interfere with it in the future?

Most raw materials are not subject to monopolistic practices because producers are too numerous; but there have been charges in the past, and there are charges now, that in certain cases the producers of some commodities, with the support of the governments to which they owed allegiance, have managed, by what our Sherman Law calls combinations in restraint of trade, to reduce supplies and enhance prices beyond reasonable levels or to discriminate among their customers. A world devoted to increased production and fair and fruitful exchange of all kinds of useful goods cannot tolerate such practices.

But monopoly in the field of raw materials is not the major problem. Most materials are plentiful in peace, and their producers want to sell them to any customer who has the means to buy. The real problem of consumers has always been the means of payment. In the world that emerges from the war that problem will be very serious indeed.

When this war ends much of the world will be impoverished beyond anything known in modern times.

Relief cannot go on forever, and the day must come as soon as possible when the devastated areas again are self-supporting. That will require enormous shipments from abroad, both of capital goods and of the raw materials of industry. For these early reconstruction shipments no immediate means of payment will be visible. That means large financing, much of it long-term. The United Nations must arrange that too. But finally comes payment, both of whatever interest burden the loans carry and for the current purchases of raw materials and other imports. I need not tell this audience that international payments, on that scale, can be made only in goods and services. There is no other way. Access to raw materials comes in the end to access to the great buying markets of the world. Those who expect to export must take the world's goods and services in payment. I hope that the United States is ready, now, to act upon that lesson.

The United Nations have agreed to act upon it, and in mutual-aid agreements with a growing number of them we and they have promised to direct our common efforts to increased production, employment, and the exchange and consumption of all kinds of useful goods. We and they have promised further to attack the problem by removing discriminations in the treatment of international trade and by reducing unwarranted and artificial tariff barriers. The future prosperity and peace of the world, and of the United States, depend vitally on the good faith and the thoroughness with which we and they together carry out those promises.

During the war as fully as we can, and more fully after we have destroyed the madmen who seek to rule the world by force and terror, we of the United Nations will go forward in a loyal partnership to carry out the pledges we have made to each other and the world.

There is no limit, then, to the material prosperity which is within the reach of the United States, and of mankind. The great thing that has happened in our time is that mankind at long last has taught itself enough of the means and techniques of production, of transport, and of scientific agriculture so that it is technically

possible to produce and to distribute on this planet the basic physical necessities of health and decent living for all of the world's people. What remains—and it is a great and formidable task—is so to remake our relations with each other, in loyal and cooperative effort, that the great productive forces which are within our sight may function freely for the benefit of all. It is within our power to make a mighty start upon that road; we have laid down the principles of action; it is for the people of the United States to determine whether their Government is to be authorized to carry on.

For 12 tragic years after the close of the last World War the United States withdrew from almost every form of constructive cooperation with the other nations of the earth.

We are reaping the bitter cost of that isolation.

For I am persuaded that, after the victory is won, so long as the power and influence of the United States are felt in the councils of the world, so long as our cooperation is effectively offered, so long can one hope that peace can and will be maintained.

The blessings we have inherited from our forefathers do not constitute an inheritance that we may only passively enjoy. They can only be preserved by sacrifice, by courage, by resolution, and by vision.

If the American people prove themselves worthy of their ancestors, if they still possess their forefathers' dauntless courage and their ability to meet new conditions with wisdom and determination, the future of this Nation will rest secure and our children and our children's children will be able to live out their lives in safety and in peace.

#### ADDRESS BY RAYMOND H. GEIST<sup>1</sup>

##### SOME ECONOMIC ASPECTS OF OUR FOREIGN RELATIONS

[Released to the press October 8]

With the advent of the war the burden and responsibilities of assisting the President in the conduct of the foreign relations of the United States have weighed upon the State Department to a degree probably unprecedented in our history. The task has become an undertaking of greater complexity and increased seriousness, commensurate alone with the scope of the war itself, involving the fate of the Nation and the destiny of all our people. No Department of the Government with the exception of the War and Navy Departments is more directly concerned abroad with the business of winning the war than the Department of State. This is especially true since the actual theater of conflict is outside of the continental limits of the United States and extends almost exclusively into the territories of foreign states that are allied with us in this great struggle for victory.

The supreme duty of the Government in prosecuting the war with maximum energy and vigor requires an intensification of intercourse between this country and our allies and friends. The far-flung nature of the conflict involving every part of the known world demands extreme watchfulness in every quarter, on land, on sea, and in the air, to the end that we may assist our allies and friends whenever and wherever this is possible, always availing ourselves of their support and help. Throughout the world, where the enemy has not been able to black out civilized intercourse the channels of diplomatic conversation have been kept open. To help keep these channels open and to make them effective ways through which the struggle may be waged with success are primarily the business of the State Department.

In the past the foreign relations of the United States have not, in any popular sense, been of interest to the general public. The overwhelming importance of domestic issues, garnering the fruits of prosperity and national well-being, and cherishing safe and progressive existences within the boundaries of

<sup>1</sup> Delivered before the Twenty-ninth National Foreign Trade Convention at Boston, Mass., October 8, 1942. Mr. Geist is Chief of the Division of Commercial Affairs, Department of State.



riches and plenty have habitually rendered the citizens of this country unconscious of the importance of the rest of the world to their security and way of life.

This age is past. Henceforth the people of the United States will appreciate with increasing conviction the vital role which other nations and peoples of the earth play in our own destiny. We are realizing, as never before, how the lives of our soldiers, our sailors, and our airmen are dependent to an overwhelming degree on the valor and steadfastness of our allies and on their will to resist the common enemy. The world is slowly but irretrievably separating itself into two camps: friend and foe, of which the former comprise a great percentage of the inhabitants of the earth. Some of our friends have not yet taken up the sword of battle to plunge into the fray on their own account, as the process of war is laborious and the issues are weighed with deep and grave concern by every nation. It is, however, a vital part of the Government's war program to strengthen the common effort through winning the support of friendly nations and securing their cooperation in the momentous task of winning the war. Establishing a common cause throughout the civilized world among nations whose people are committed to the survival of freedom and the advancement of civilization is the cardinal objective in the present crisis of our Government's foreign policy. The Department of State, through its diplomatic missions and consular representatives abroad, maintains the first line of contact with foreign states; the second is through official relations with ambassadors and ministers of other countries resident in the Nation's capital. Through these channels the multitudinous problems and questions which concern the conduct of the war are discussed and solutions are sought. The scope of these problems is as complex and as vast as the war itself, requiring expert knowledge and experience not only with respect to foreign states but also with regard to the matters under negotiation. Since conversations and negotiations going on between governments are most frequently of a confi-

dential nature, particularly during the prosecution of a war, the State Department is unable to reveal the multitudinous details of its labors, the successful accomplishment of which brings victory every day nearer. There is no secret, however, in the broad lines of policy which control the relations of our Government with other states. Our objectives in war and in peace have been sufficiently proclaimed by the President, the Vice President, the Secretary and the Under Secretary of State, and other responsible officials of the Government who have made public statements. These policies, founded on the traditional high principles to which our Nation has been dedicated from the earliest days of the Republic, constitute the basis of all negotiations and dealings with foreign states. On this account the Government of the United States in its intercourse with other countries enjoys a marked advantage over the regimes controlling the Axis states and the puppet governments they support. The commitments of the latter are worthless; their diplomacy consists of deceitful maneuvers; the assurances and pledges of their ambassadors and ministers are false and delusive.

As before the war, so during the present conflict, the State Department remains the sole agency of the Government through which the foreign relations of the country are conducted. The Department is responsible for the diplomatic phases of the war effort and for the maintenance of close relations with countries that are engaged with us in the struggle now being waged. Besides, there remains the task of strengthening hemispheric solidarity and aiding those countries united with us to resist aggression and to defend themselves against attacks of every kind wherever these might threaten. The vast plans which are being carried forward on every hand, not only in this hemisphere but in many distant parts of the world, to advance and strengthen our strategic and economic position require the constant cooperation of the State Department and of the representatives abroad who are under the direction of the Secretary of State. The Gov-



ernment's activity in prosecuting the war throughout the world has likewise placed upon the Foreign Service a greater burden and responsibility than has ever been known before.

In 1932 the personnel of the Department of State numbered 823 officials and employees, at a yearly cost to the Government of \$1,900,000. In the Foreign Service of the United States there were 4,106 persons on the payroll with salaries totaling \$7,315,254. With the increasing tension in the international situation during the years immediately preceding our entrance into the war, the personnel in both the home and the Foreign Service were being increased to meet the greater responsibilities involved in the conduct of foreign relations. In July of this year the Department of State had an authorized strength of 2,836 positions with a payroll of \$6,262,940, while the Foreign Service, including the newly established Auxiliary Service, had 4,143 positions with a payroll of \$8,613,926.

In recent years, while the international situation was steadily approaching the crisis which has at last engulfed the world, the activities of the Department of State have correspondingly increased. Since the outbreak of war in 1939 heavier responsibilities have devolved upon every division and office of the Department, practically without exception, immeasurably increasing the volume of the work accomplished and vastly extending the scope of the official business transacted. Likewise, the Foreign Service has necessarily undergone great shifts in the assignment of personnel, and reorganizations and prompt implementation of staffs have quickly met the demands of the emergency created by the war. Officers throughout the world have had to adapt themselves rapidly to new tasks and undertake a wide variety of labors created by the war. The ambassadors and ministers at foreign posts have had their responsibilities multiplied many times over. The record of their achievement in carrying on difficult diplomatic negotiations and in providing the Secretary of State with reliable and accurate information during this most critical period in our country's history has enabled the Government for some time in

the past to calculate with certainty the inevitable march of events toward war, which calculations are responsible at least in part for those preparations which have been timely made.

In my address delivered in July in 1940 before this Convention in San Francisco I spoke of the President's Reorganization Plan No. II, by which the functions of the Agricultural Foreign Service and the Foreign Service of the Department of Commerce were consolidated with the Foreign Service of the Department of State. This consolidation was effected in 1939 before the outbreak of war in Europe. The purpose then envisaged has been achieved. But in addition to the elimination of overlapping and duplication of effort, securing better functional grouping, efficiency, and economy, greater service to our commercial and agricultural interests has been attained. It was timely foresight for this Government to enter the greatest conflict the world has ever known with a unified and expanded Foreign Service, which is now called upon not only to serve as an effective arm of the Government in all its contacts abroad but to cooperate and assist all departments and agencies operating in connection with the war effort in foreign fields. The Department of State, through its missions and consulates throughout the world, coordinates the activities of all representatives of the Government sent abroad for particular purposes. In every quarter of the globe where the attack can be made the Foreign Service is vigorously combating the efforts of the Axis powers insidiously deployed in the political, economic, cultural, and administrative fields.

Owing to the closing of many offices in Europe and in Asia on account of enemy action, the permanent staff of the Foreign Service has decreased, though the number of officers since the outbreak of war has become greater. It has been necessary, in order to meet the demands of the war, to create an auxiliary service on a temporary basis, which numbered 518 as of July 1st. These officers have been utilized effectively to serve other war agencies and to meet the increased demands for new offices at strategic locations vital to the

conduct of the war and to the protection of the lives and property of American citizens. The diplomatic and consular officers who have returned from posts now in enemy or in enemy-occupied territory have been assigned to other missions and consulates where on account of the urgency and the extent of our efforts in the war the work has increased in most instances beyond the capacities of the staffs which the Department is able currently to maintain. With the increasing activity of other departments and agencies and the arrival of their representatives in foreign countries, a correspondingly heavier volume of work devolves not only on the Department but as well upon the officers in the field who are lending their assistance and cooperation. To expedite this phase of the Government's activity the establishment of new and appropriate administrative machinery has been necessary.

The promotion of hemispheric solidarity through a program of practical aid and cooperation with the other American republics is primarily under the direction and guidance of the Department of State, though other departments and agencies are actively participating. This includes the various types of development work, industrialization missions, health and sanitation projects, food and nutrition improvements, the building of highways, and the affording of economic and financial relief on account of conditions created by the war. Besides, there is the vast work of providing an over-all hemispheric defense, which efforts have been implemented by meetings of the Foreign Ministers of all the American republics, such as the meeting held in Rio de Janeiro in January of this year, to insure full cooperation in joint problems of defense.

The necessity for economic mobilization has not only set the great industrial processes of the United States in accelerated motion but at the same time has required the utilization to the utmost of all resources which are obtainable from all accessible parts of the world. Securing and mobilizing these resources in cooperation with other agencies and governments has been one of the outstanding achievements of the

State Department. From the beginning it was realized that successful defense measures were dependent upon the imports of critical and strategic raw materials, and the work of the State Department in this great effort has had two main objectives: (1) the conduct of negotiations with foreign governments and necessary collaboration with the other interested departments and agencies of the Government, for the purpose of assuring to the defense effort maximum importation of strategic materials, especially those of which the supply is potentially short, and those materials the importation of which is most likely to be exposed to the threat of hostile naval action; and (2) the conduct of negotiations with foreign governments for the purpose of blocking the transfer of strategic materials of value to the Axis powers. Furthermore, the direct intervention of the Government in this process of mobilizing materials was essential, as it was impossible to rely upon the action of private importers in this country to insure the necessary importation of these strategic materials. Besides, it was necessary in almost every case to obtain through the diplomatic channels of the State Department some form of action by foreign governments to assure the maximum production of these materials. Finally, this whole program has been dependent on the creation of the necessary transportation facilities to move the materials to ports for shipment to the United States. The State Department has acted as the originator of many of these projects and as intermediary between the procurement agencies of this Government with the governments of the producing countries. As a result of these efforts, which were begun by the State Department at the very start of the defense effort, substantial stock piles of many strategic materials have been built up as reserves for the war effort; and large quantities of these materials have been brought into the country by the procurement agencies of this Government and distributed to industry for use in the war program. The main strength of this program has been the action of the Federal Loan Agency in its realization of the necessity of making maximum im-

portations of these strategic materials and its effective action in making the many contracts incident to acquisition as well as the effective cooperation of the Board of Economic Warfare and the War Production Board.

The activities of the Department in the field of economic warfare represent a substantial and vital contribution to the total war effort; and the relations of the State Department to economic defense operations is of the most direct and sweeping character—although the administration of nearly all these operations is entrusted in practice not to the Department of State but to one of the operating agencies of the Government. The Treasury Department administers freezing control; shipping control by the Maritime Commission; export control by the Board of Economic Warfare; priority and allocation control by the War Production Board; and the purchase of strategic materials and the extension of credits by the Federal Loan Agency.

Quoting a Departmental memorandum: "For two principal reasons the Department is involved in these operations of other agencies. First, it is the instrumentality which assists the President in the exercise of his constitutional prerogative of conducting our relations with foreign governments. Second, our Foreign Service Officers are the antennae of the Government reaching out into all parts of the world. This requires participation by the Department at two points in all international economic operations: it must advise with and guide the operating agencies upon the foreign policy aspects of their decisions; and it must in large part, furnish the means of carrying out these decisions insofar as they require action in foreign countries. It is obvious that no operating decisions and actions may be taken which will not have influence upon foreign policy relations of the United States; and, moreover, many situations involve not only the interplay of political and military considerations, but also, in the economic field decision and action by several of the operating agencies of the United States. In many cases the operating agencies must rely upon the Department of State not

only for the broad foreign policy considerations involved in a particular problem, but also for the specific information upon which the operating decision must be based."

In the prosecution of economic warfare the Department, in cooperation with other agencies, has accomplished a vast work in the preparation and publication of the *Proclaimed List of Certain Blocked Nationals*. It is impossible wholly to evaluate the effect which this action has had in arresting and combating Axis economic and commercial penetration in the other American republics. It has identified the outstanding pro-Axis commercial and financial enterprises in these countries; it has seriously limited the operations and prestige of these enterprises and in many cases has wholly eliminated them; and it has dried up the very sources of Axis propaganda and influence and the means of conducting subversive activity.

The Department has cooperated with the Treasury in the control of foreign funds; with the Department of Agriculture in connection with agricultural projects in the other American republics; and with other agencies directly furthering the war effort, including the Department of Commerce, the War and Navy Departments, the Coordinator of Inter-American Affairs, the Office of Price Administration, the Office of Strategic Services, and the Office of Lend-Lease Administration.

In the gathering of information from abroad the Foreign Service of the United States has been doing the greatest feat of reporting ever accomplished during its long history from the days of George Washington. The number of reports, despatches, and telegrams transmitted to the various departments and agencies of the Government makes an impressive figure. Many of the despatches and telegrams transmitted represent communications between the departments or agencies and their representatives abroad engaged directly in some phase of war work; but the larger percentage of the material made available by the Department to other agencies of the Government contains information vital to the success of their own operations at home or abroad. During the



month of September distribution of material to other agencies and departments was in part as follows:

Number of telegrams, despatches, and reports received by the Department from abroad and sent to other departments and agencies during September 1942

Board of Economic Warfare	6,069
Department of Commerce	4,201
Department of Agriculture	1,502
Department of the Treasury	1,369
Reconstruction Finance Corporation	899
Lend-Lease Administration	874
War Production Board	747
War Shipping Administration	535
All others	4,977
<b>Total</b>	<b>21,173</b>

The volume of these communications is steadily on the increase, and the number—which has already reached unprecedented totals—indicates how the war effort is steadily getting into its stride.

While the whole machinery of the Government is being geared to the struggle of winning the war, and the main lines of international trade and commerce have been merged into the war effort, what we have achieved in

peace and stoutly reared as the very foundation of our free and democratic existence is being solidly preserved. There has been no change in the policy which governs our commercial intercourse with other nations. The trade-agreements program is being continued with the same conviction as to its efficacy in promoting common advantage and material progress among nations in their international economic relations. The controls now exercised by the Government over imports and exports have been imposed solely in order to win the war and not to direct the channels of foreign trade arbitrarily along specified lines or to suggest any new system of exchange of goods among nations.

No matter how long the war lasts—and it will last until victory is achieved—and no matter how much we may have to diverge from our normal free way of transacting business with other countries, the departments of the Government whose duties are to advance the foreign-trade interests of the United States, namely the Departments of State, Commerce, and Agriculture, hold steadily in view the coming era of peace; and these departments, when the time comes, will be ready to assist American industry to resume its rightful place in the world's international trade and commerce.

#### ADDRESS BY HARRY C. HAWKINS<sup>1</sup>

##### BRITISH-AMERICAN TRADE RELATIONS AFTER THE WAR

[Released to the press October 9]

### I

Official thinking in both Great Britain and the United States, and in other countries, has gone far enough, despite the preoccupations of the war, to indicate and get agreement on the general principles which should govern

<sup>1</sup> Delivered before the Twenty-ninth National Foreign Trade Convention at Boston, Mass., October 9, 1942. Mr. Hawkins is Chief of the Division of Commercial Policy and Agreements, Department of State.

economic relations between nations after the war. These objectives and principles upon which agreement has been reached afford a solid basis for the discussion of post-war Anglo-American relations.

The agreed-upon objectives of the two Governments are set forth in the mutual-aid agreement concluded by the United States and the United Kingdom on February 23, 1942. Agreements in practically identical terms have been entered into by the United States with China, the Union of Soviet Socialist Republics, Bel-

gium, Poland, the Netherlands, Greece, Czechoslovakia, Norway, and Yugoslavia; and the principles of the agreement with the United Kingdom have been agreed to by Australia and New Zealand. It is difficult to overstate the significance of these agreements. Given general public understanding and support, they will become an outstanding landmark in the development of international commercial policy. For convenience, I shall confine my remarks to the agreement with Britain, but most of what is said applies also to other countries.

A primary function of the mutual-aid agreement with the United Kingdom is, as the title indicates, to lay down the principles applying to mutual aid in the prosecution of the war. But this document also lays down the principles applying to mutual aid in the prosecution of the peace. Its peace-time significance may prove to be as great as, or possibly even greater than, its role in the war.

In its war-time role, the agreement provides that this Government will supply such defense articles, services, and information as the President may authorize; lays down certain obligations with respect to the transfer of title of such supplies or information; provides for the return of such unexpended material as the President may decide upon; and provides that the United Kingdom will reciprocally supply such articles, services, facilities, or information as it may be in a position to supply.

The role of the agreement as an instrument of peace developed out of the question of the way in which Britain will settle for lend-lease aid received. This subject was dealt with in the agreement pursuant to the provision in the Lend-Lease Act of March 11, 1941, to the effect that the terms and conditions upon which any foreign government receives lend-lease aid shall be those which the President deems satisfactory, and that the benefit to the United States may be payment or repayment in kind or property or any other direct or indirect benefit. Since neither the magnitude of this aid nor the amount of reciprocal aid can be known until the war is over, the agreement does not attempt to

make a final settlement but confines itself to laying down the conditions and principles which shall govern the settlement.

## II

The first of these conditions is that the settlement shall be such as not to burden commerce between the two countries. In view of the importance of our trade with Britain to large numbers of our primary and other producers, and in consequence its importance to our whole economy, this provision is based upon considerations of purest self-interest. It has in view the fact that the payment of large sums by Britain to the United States would destroy a market which in the past has been of great importance to our producers of such things as lard, tobacco, fruits of various kinds, cotton, and numerous other agricultural and manufactured products.

This would be true if Britain's purchasing power for foreign goods were the same after the war as it was before. Actually, it will be radically altered for the worse. Lend-lease aid to the United Kingdom will run into billions. Even a prosperous Britain, with an export trade surpassing anything heretofore enjoyed and returns from investments, shipping earnings, and other sources equaling what it has had in the past, might not be able to discharge such a debt in years, even if it devoted all the dollars it could acquire to this purpose and dispensed with imports in excess of those necessary to maintain living standards at a bare subsistence level.

The actual situation is likely to be radically different from this. In 1938, the last full year before the war, the United Kingdom's imports exceeded its exports by 377 million pounds. To pay for this excess the United Kingdom had a net income from shipping, investments, and other sources of 322 million pounds, leaving a deficit of 55 million pounds, which could only be liquidated by exporting gold, borrowing, or liquidating investments. During the war it has been necessary to liquidate a large volume of overseas investments in order to meet the rapidly mounting deficit. The income from these liquidated investments will, of course, be no longer available for the purchase of foreign

goods. Before the war is over, Britain may have lost half of its income from this source.

Not only will the purchasing power derived by Britain from its foreign investments be drastically curtailed but its income from other sources may also be much less than it was before the war. For example, if a smaller British merchant fleet should have to face the competition of war-expanded shipping in other countries, income from this source would be seriously reduced. Loss of income from these and other sources would make Britain to a much larger extent dependent upon its exports as a means of providing its purchasing power for foreign goods.

But an expansion of its exports as a means of providing the wherewithal for buying what it needs will be difficult at best, since British industry, like ours, will be faced with the task of reconverting to peace-time production.

In the circumstances which seem likely to exist, therefore, we must consider whether we would be serving our own interests by attempting to collect billions from Britain for lend-lease aid. Even if such a debt could be paid, the economy of the United Kingdom probably would collapse under the strain and our own economy would be injured. If every available dollar over and above the amount required for obtaining imports needed to keep the British people from starving and to obtain other essential products were devoted to making payments on such a vast scale, the standard of living of the British people would sink to very low levels and our producers would find one of their best markets drastically curtailed. All our other markets which obtain purchasing power through large sales to Britain would be seriously impaired.

This situation would be particularly serious for us because after the war, in order to maintain employment at anything like its present level and find employment for our demobilized soldiers, we will have to produce vast quantities of goods and will need, as we have never needed before, prosperous foreign markets to absorb our surpluses.

In brief, if we attempted to liquidate in time of peace by means of payment in cash or kind, the vast sums involved in war-time transfers and actually succeeded in doing so, we might find, at a time when we were most in need of foreign markets, that we had ruined our best customer, injured others, and thereby seriously crippled ourselves.

### III

If we proceed on the idea that, in general, it is not in our interest to regard lend-lease transactions as ordinary commercial transactions to be settled for as such, the mutual-aid agreement becomes one the purpose of which can be described in simple terms: it is intended to serve the dual purpose of bringing about the greatest possible cooperation in the prosecution of the war and in the laying of the foundations for an enduring peace. Such cooperation would constitute the most important benefit the American people could obtain in return for lend-lease aid.

The economic peace aims are, broadly stated, to bring about the reduction of trade barriers and the removal of discriminations, and the adoption of other suitable measures for bringing about expanding production, expanding trade, expanding consumption, and full employment, throughout the world; in brief, to create an expanding world economy.

### IV

The agreement itself does not attempt to set forth all the measures which should be taken to these ends but leaves these to be worked out by future agreements. It does, however, specify the removal of discriminations and the reduction of trade barriers among the things to be undertaken. This recognizes the fact that the freeing of the channels of international trade, which became blocked during the interval between the wars by every conceivable kind of obstruction, preference, and discrimination, is indispensable to successful action in any other field.



The freer international exchange of goods is indispensable in any scheme for a reconstructed world because it goes to the heart of the problem. Trade is the lifeblood of production and employment. Plans for stabilizing exchange rates must have as a primary object the creation of better conditions for trade, but no such plan can work for long or make much sense if governments continue to distort and obstruct the channels of trade. Plans for investment in developing the resources and diversifying the production of undeveloped areas must necessarily have as an outstanding object the promotion of international trade in the interest of the countries providing the help as well as in the interest of countries receiving it. It makes little sense if governments maintain old or impose new obstacles to the trade which it is sought to develop and thereby destroy not only the trade but the investment as well. In the last analysis, every problem in the field of international economic relations resolves itself into a problem of trade. Action in the field of trade barriers and discriminations is so indispensable to accomplishing the ends which the mutual-aid agreements have in view, and of itself would go so far in accomplishing those ends, as to rank almost as an end in itself.

However, we must not for a moment lose sight of the difficulties in freeing the channels of trade. These difficulties are inherent in the trade-barrier problem, and also grow out of the fact that action in this field is related to, and to some extent dependent upon, the solution of other problems outside of this field.

The greatest danger of all to any plans for an expanding world economy lies in the fact that protectionism is inherently an expanding force which feeds upon itself and tends always toward extremes. The producer who manages to get tariff protection against foreign competition at once encourages other producers to seek it, and if these other producers succeed in getting more the first one is emboldened to try again. Despite any theoretical "infant industry" or other grounds advanced in support of high tariff subsidies, this is really the way in

which tariffs grow. Our own tariff history will provide plenty of illustrative material.

But the vicious spiral does not stop here; it spreads throughout the world. If one country shuts off foreign trade to favor certain of its own producers, other countries will be forced sooner or later to do the same or more, which in turn provides further reason for a higher tariff in the country which started the show. In other words, within each country and between countries these influences interact upon each other to produce ever-growing barriers to trade.

This inherent tendency of trade barriers to rise was not destroyed by the passage of the Trade Agreements Act in 1934. Interests which seek to profit from this tendency bitterly contested the renewal of that act in 1937 and again in 1940. They have resisted virtually every tariff reduction in the trade agreements that have been negotiated. They have used every device in the formidable arsenal of the pressure groups to block action in the interest of our great export branches of agriculture and industry, in the interest of workers as producers and as consumers, and in the national interest generally. To most of the leaders of pressure groups, the war in Europe and the Far East, the attack on Pearl Harbor, the present desperate struggle for a free world are unrelated to the trade-destroying measures they have sought and still seek to have imposed. To them the economic clauses of the Atlantic Charter and the provisions of the mutual-aid agreements do not hold forth the promise of a better world—a fairer trade deal all around—but a threat to their selfish interest, a danger that they must take steps to overcome. Such leaders of minority groups, wielding a power far out of proportion to their numbers, will continue, come what may, to exert a constant pressure against all efforts to create a saner world.

Given the interacting forces which tend always toward higher and higher trade barriers, it is probably not too much to say that if all restraining influences were withdrawn, if no

voice were raised to stop the trend, if tariffs were never bound in trade agreements, if mutual-aid agreements were never concluded with a view to charting a sane course, the rise of trade barriers throughout the world would continue at an ever-accelerating pace until the point of complete national self-sufficiency was reached throughout the world.

There can be no doubt whatever that once that point was reached wars would become inevitable and frequent, since the effect would be to make each country, no matter how small and poor and crowded, a virtual economic prisoner within its own boundaries, compelled to eke out whatever meager or unbalanced subsistence those resources might afford. The only relief for countries ill-favored in per-capita natural resources would be to expand their frontiers by force. No scheme for an international force for restraining violators of the peace would work in such a situation or in one even approaching it. A world in which there is want or injustice would be one in which force would have to be applied so often as to create a perpetual state of war. Certainly that is not the sort of world we are now fighting for.

Under the heading of trade barriers and discrimination, bilateralism must be given prominent attention. Bilateralism is inherently discriminatory. It is the device which Nazi Germany employed with such ruthlessness and vigor. It is probably the most effective weapon for cutthroat trading, economic oppression, and stifling of commerce which the ingenuity of man has yet devised. Its abolition is an indispensable condition to the economic reconstruction of the world. It has short-sighted attraction for countries with import balances and faced with balance-of-payment problems. But in the end it leads to disaster for everybody.

Yet, note must be taken of the fact that unless vigorous steps are taken, some countries might find resort to bilateralistic trade irresistible.

If, for example, Britain owned blocked balances in a foreign country, needed the products of that country, and lacked dollars, it would have the alternative of going without goods

which it might desperately need or of buying them in the country where its balances were blocked, even though the United States or some other country might be able to supply better products at lower prices. The remedy here is, of course, to take such steps, including action with respect to trade barriers of other kinds, as will insure that the currencies of the world will be interchangeable at stable rates and thus to prevent currencies from being blocked. Our cooperation to this end will be indispensable, and if we should fail to provide it we could not complain if the provisions of the mutual-aid agreement relating to the abolition of discriminations failed to bear fruit. Given our tremendous interest in these matters, I feel sure that such cooperation will be provided.

## V

In addition to the lowering of trade barriers and the removal of discrimination, the mutual-aid agreement with Britain has in view agreed action directed to the expansion by other "appropriate international and domestic measures" of production, employment, and the exchange and distribution of goods.

Domestic measures for promoting employment and stable economic health may be no less important internationally than measures of an international character, because of the essential fact that if the national economy of any important country is sick its purchasing power will decline, its foreign trade will languish, and other countries will suffer.

But there is the ever-present danger that countries will try to improve internal conditions in disregard of world trade. If domestic measures are adopted which interfere with an expanding international economy, they will be self-defeating, since in most countries domestic prosperity and full employment could not exist without a thriving foreign trade. Even in large countries with varied resources, such as the United States, such measures would require radical and painful readjustments and regimentation of production and other economic functions. The domestic measures referred to in

the mutual-aid agreement must necessarily, therefore, refer to those which would harmonize with an expanding international economy and contribute to such expansion. The test of every domestic measure should be that it should contribute to this end, or at least not interfere with it.

Measures in the international field other than the reduction of trade barriers and the removal of discrimination must of course also be taken. Measures to assist in developing the resources and diversifying production in undeveloped countries by means of technical assistance and financial help are fully in line with the aims of the mutual-aid agreement. This will create purchasing power which lies at the basis of trade, which in turn benefits not only the country receiving the help but also the country giving it and other countries as well.

Again, however, care must be used lest the means employed defeat the ends in view. The development of resources through the creation of a new industry which can only survive within the shelter of a towering tariff wall may only create a national and an international liability, not alone because the barriers erected for its protection shut out the particular kind of goods produced by such industry but because consumers are compelled to use inferior or high-cost goods, thus reducing their purchasing power for other goods. In general, the aim should be to create industries in undeveloped areas which are well-suited to those areas and can stand on their own feet.

The manner in which financial aid in the form of loans and investments is supplied may also tend to defeat the purposes which the mutual-aid agreement has in view. The freeing of the channels of trade, stabilizing exchange rates, and security against the outbreak of war would give a tremendous impetus to private investment for developing the world's resources. But some government financing will doubtless be necessary in view of the tendency of the private investor to think in terms of quicker returns than would governments intent on long-range objectives. To the extent that loans and investments

are made by governments, the aims of the mutual-aid agreement will tend to be defeated if the creditor country takes advantage of its position to create spheres of influence and closed-door areas.

## VI

An increase in efficient production throughout the world will increase buying power, which is an essential ingredient for causing an expansion of trade; the lowering of trade barriers will make possible an expansion of world trade; expansion of trade will stimulate further production and employment, which further increases purchasing power, and so on, in an upward spiral of prosperity. We should therefore look with the utmost favor on any measures, domestic or international, government or private, which will create efficient production in new areas or build it up in old ones.

It is clear from even a superficial examination of the probable British post-war position that Britain's ability again to take its place as one of our most important foreign markets will depend to a larger degree than ever before on the ability of British industry to develop export markets and thereby provide the means of meeting the country's import requirements. This in turn depends upon the ability of British industry to get itself back on a competitive basis. It is definitely in the interest of the United States that British producers acquire the strength that will enable them to compete without the benefit of fenced-off empire and other preserves and to develop the thriving export business upon which British living standards in the future so largely depend.

We must think of Britain less as a competitor and keep an eye on Britain as a customer and bear always in mind that a prosperous Britain, able to import from the rest of the world, is a maker of other customers for us. Britain must regard us in the same way, and each of us must look at all other countries in this light. We must recognize the fact that where purchasing power exists trade will thrive, as shown by the trade between highly developed industrial countries—a trade which is possible because of the



relatively high buying power of industrial areas and the fact that the tremendous range of types, styles, and qualities of industrial products permits an interchange of products without the direct head-on kind of competition which characterizes that between virtually inter-

changeable staple products of different origin. We should always bear in mind the fact that if we can get a big enough world market—and purchasing power is the key to this—neither we nor Britain nor anyone else will have much to worry about.

## General

### PRESENTATION OF LETTERS OF CREDENCE OF THE NEWLY APPOINTED AMBASSADORS OF CHINA, GREECE, AND YUGOSLAVIA

[Released to the press October 6]

The remarks of the newly appointed Ambassador of the Republic of China, Dr. Wei Tao-ming, follow:

**"MR. PRESIDENT:**

"It is a great honor to me to be received by Your Excellency today as Ambassador Extraordinary and Plenipotentiary of the Republic of China to the United States of America. As Your Excellency is aware, my formal letters of credence and the letters of recall of my distinguished predecessor have not yet been received.

"I am particularly charged to convey to you, Mr. President, the cordial greetings of President Lin Sen and his best wishes for your personal happiness and for the prosperity and good fortune of the nation whose destinies you have guided with such conspicuous courage and vision.

"It is a source of especial pride to me that I should be accredited as the official representative of my Government in a country where the maintenance and development of democratic institutions, firmly founded on the principles of human freedom, have long won the profound admiration of the Chinese people. My country has been fortunate to gain your warm friendship, and we are deeply grateful for the tangible interest in our welfare which has been shown by the Government and the

people of the United States throughout these long years of adversity and bitter resistance against aggression. It shall be my pleasant duty to endeavor to promote and strengthen the traditional ties of friendship and cooperation which have always existed between the two nations.

"Today we are united in the single purpose of achieving victory over our common enemies. More than ever before, the free peoples of the world and those who love freedom must stand together, fight together, and work together, so that the forces of tyranny and aggression can be destroyed forever. I can assure you, Mr. President, that my Government and my people will continue to do their full part in this global struggle for the preservation of civilization and, when victory comes, will gladly share in the heavy responsibility of fashioning a just and lasting peace."

The President's reply to the remarks of Dr. Wei Tao-ming follows:

**"MR. AMBASSADOR:**

"I am happy to greet you in the spirit of warm friendship which has long existed between the United States and China.

"I understand that your formal letters of credence will arrive later by mail, as well as the letters of recall of your distinguished predecessor, Dr. Hu Shih, who has contributed so

much to maintaining and enhancing friendship and cooperation between our two countries.

"It gives me pleasure to receive from you the cordial message of President Lin Sen and I trust that you will convey to him my sincere appreciation of his kind and encouraging words.

"Our two countries, long bound together by common ideals and by the principles of human freedom and world order under law, are, as you say, now united as comrades in arms in the greatest struggle of all time to defeat the forces of tyranny and aggression. The Chinese people through more than five years of heroic warfare against a ruthless enemy have shown again and again that they have those qualities which are requisite for victory. Though a newer partner in the struggle, the people of the United States—in our armed forces, in our factories, and in our homes—have shown a spirit and determination which guarantee that we also shall not be found wanting. Both our countries know that there is no easy road to victory and that victory can be won only by the greatest of effort, of valor, and of sacrifice. In this knowledge the United States and China, together with the other United Nations, can look forward in confidence to ultimate and complete victory over our common enemies and to achieving a peace that shall endure.

"You come to us, Mr. Ambassador, with a record of many years of service and achievement in your own country. In the performance of your important mission here you may depend upon my whole-hearted cooperation and that of all other officials of this Government.

"I cordially welcome you to Washington."

[Released to the press October 6]

The remarks of the newly appointed Ambassador of Greece, Mr. Cimon P. Diamantopoulos, upon the occasion of the presentation of his letters of credence, follow:

**"MR. PRESIDENT:**

"I have the signal honor to present to you the letters of credence by which His Majesty the King of the Hellenes, my Sovereign, has

been graciously pleased to accredit me as his first Ambassador Extraordinary and Plenipotentiary to the President of the United States.

"In the present exceptional circumstances the step taken by our two countries on the initiative of the United States Government to raise their respective diplomatic missions to ambassadorial rank is of particular significance. Assuredly it will be fully appreciated by both nations as a gesture which draws closer the bonds already existing between them and will be hailed by the Greek nation as a recognition by this great country of the heavy sacrifices accepted by Greece and as an earnest of your intention to help our nation in its increasing struggle for liberation and to secure the full restoration of its historic rights.

"The United States and Greece are inspired by common traditions which spring from a love for and devotion to freedom and equality. From the dawn of history to the present day Greece has been privileged to teach her citizens, as does America, that liberty may come to no one as a gift but is an inestimable treasure and to preserve it a nation may have to fight hard battles and endure heavy sacrifices. The gallant Americans who are shedding their blood in defense of country, honor, and flag in so many parts of the world are, no less than their Greek comrades in arms, animated by the determination which is shared by all our allies in their struggle against tyranny. Victory will crown the arms of the United Nations; of this there can be no doubt. The foresight with which you, Mr. President, have led your great people during the past years is the surest guaranty of our ultimate triumph.

"The special circumstances in which I am today admitted into your presence in order to deliver my letters of credence surely permit me to dispense with the observance of the traditional custom of requesting the assistance of your Government in the fulfilment of my mission. For the past three years this assistance has been afforded me in the fullest measure. The Greek people remember with gratitude the exceptional courtesy and the generous hospitality extended to my Sovereign by you, Mr.

President, as well as by the American nationals during his recent visit to the United States. The feelings of friendship shown on that occasion by the American people and by yourself and your sponsoring of the four freedoms lead us to hope that when the time comes and the enemy is vanquished you will devote your incomparable prestige and influence to the full reinstatement of the rights of the Greek nation. That nation, unjustly stricken but hopeful and undaunted, offers to you, Mr. President, its cordial wishes for the prosperity and greatness of the American nation and for your personal welfare. May I be allowed to add to these my own heart-felt wishes."

The President's reply to the remarks of Mr. Cimon P. Diamantopoulos follows:

"MR. AMBASSADOR:

"It gives me great pleasure to receive the letters by which His Majesty the King of the Hellenes has accredited you as first Ambassador Extraordinary and Plenipotentiary of Greece near the Government of the United States of America.

"The common traditions and ideals inspiring the Greek and American peoples have indeed given a unique stamp to the unbroken friendship which has always marked the relations between them. Less than two years ago the heroic stand of the entire Greek nation against the wanton aggression of ruthless and finally overwhelming Axis military forces profoundly stirred our imagination and our hearts. We admire the unrelenting resistance of the men, women, and children of Greece to the vicious invaders who are occupying their homeland and the undaunted determination of the men of the Greek merchant fleet, which is contributing in important measure to our common effort. We are proud that today men of our armed forces are fighting side by side with the courageous soldiers, sailors, and airmen of Greece in a struggle which can only result in the crushing of the evil forces which have been unleashed upon the world and the introduction of a new era of freedom, justice, and prosperity.

"It is therefore fitting that the United States and Greece should, as a mark of their united efforts against their common enemies, henceforth exchange diplomatic representatives with the rank of Ambassador. I am particularly pleased to greet in this new capacity a tried friend who as Minister of Greece in Washington for almost three years has so ably conducted the relations between our two Governments. I am confident that the loyal and understanding collaboration which has heretofore existed between us and between Your Excellency and the officials of this Government will continue in ever-increasing measure.

"I can assure you, on my own behalf and on behalf of the people of the United States, that the cordial wishes which you express in the name of the Greek nation are most sincerely reciprocated and that we look forward to the day when the victory of the United Nations will bring the full liberation of Greece and the restoration of the freedom and independence of the Greek people.

"I shall be grateful, Mr. Ambassador, if you will convey to your Sovereign, whose courage has been an example to us all and whose visit we so pleasantly remember, my best wishes for his personal happiness."

[Released to the press October 5]

The remarks of the newly appointed Ambassador of Yugoslavia, Mr. Constantin Fotitch, upon the occasion of the presentation of his letters of credence, follow:

"MR. PRESIDENT:

"It has long been the custom of nations whenever their relationship has grown in importance to grant ambassadorial status to their respective representatives. The fact that you, Mr. President, have chosen this tragic period in the history of Yugoslavia to grant ambassadorial rank to your representative to the Yugoslav Government has been accepted by our Government and people as an acknowledgment of the contribution which they have made in the common struggle against a cruel and ruthless foe.



"This thoughtful gesture, following as it does a long series of acts by the Government of the United States intended to bring aid and comfort to the people of Yugoslavia and the warm reception extended to my Sovereign by you and the American people during his visit to this great country, will echo deeply in the hearts of my countrymen wherever they are. It will give new courage to those brave men who under the indomitable leadership of General Draža Mihajlović wage a grim and relentless fight against the Axis powers; it will strengthen the hope of deliverance of those less fortunate ones who suffer oppression and hardships in the ruined towns and villages of what was once a prosperous and beautiful country. They will realize that the maintenance of their unyielding spirit which no force or cunning of the Axis invaders has yet been able to break has been recognized by you, Mr. President, as an important contribution to the common cause of the United Nations. In the struggle for that cause they will never yield; they will fight for it until the day of victory.

"The King, my Sovereign, has graciously appointed me to be his first Ambassador Extraordinary and Plenipotentiary to the United States. For seven years I have had the privilege of representing my country here as Minister. During that time, in peace and in war, I have always believed that no power or combination of powers in the world can hope to triumph once the United States unsheathes its mighty sword in the cause of justice. Today, more than ever before, I am convinced of this.

"During that time I have also endeavored to interpret the thoughts and democratic aspirations of my people to the Government of the United States, and I have always found a complete understanding for my mission and the most willing assistance in its performance. Today, in presenting to you, Mr. President, the letters which accredit me to Your Excellency as Ambassador Extraordinary and Plenipotentiary of His Majesty King Peter II, I feel sure that I can rely on the continuation of that spirit of friendliness and understanding which has always figured so largely in my relations with you, Mr. President, and with all the members

and officials of the Government of the United States."

The President's reply to the remarks of Mr. Constantin Fotitch follows:

"MR. AMBASSADOR:

"I receive with great pleasure the letters with which His Majesty Peter II, King of Yugoslavia, has accredited you as Ambassador Extraordinary and Plenipotentiary near the Government of the United States.

"It is only a short generation since the American people welcomed, with a very special friendship, the grouping of the Serbs, Croats, and Slovenes into a new kingdom, to take its place in the family of nations. A savage and ruthless war has interrupted the remarkable progress made by the Yugoslav people in the consolidation of their national life and has temporarily extinguished their institutions of free government. But the valor, persistence, and military resourcefulness of the Yugoslav people, responding to a courageous leadership, have shown that their destiny has not been thwarted.

"Their sacrifice and their continued striving to regain their independence are a part of the common struggle against the forces which would bring ruin to all free peoples. It is but a token of that association of our peoples that the representatives mutually accredited to the Governments of Yugoslavia and the United States are now vested with the highest diplomatic rank.

"In greeting you as the first Ambassador of Yugoslavia I look back over the seven years of your service here as your country's Minister, and am sure that you know the warmth of America's interest in the welfare of Yugoslavia, and am confident that you will carry on the sincere and whole-hearted collaboration which has always existed between our Governments.

"I ask you to convey to His Majesty, your Sovereign, whose recent visit to this country gave us all so much pleasure, my friendliest wishes for his welfare and my admiration of Yugoslavia's steadfastness toward the achievement of the final victory."

## Cultural Relations

### VISIT TO THE UNITED STATES OF SALVADORAN ENGINEER

Señor J. Federico Mejía, a leading engineer and Director of the National Commission of Electricity of El Salvador, arrived in the United States October 9 for a two months' tour of the country as a guest of the Department of State. His tour will include several hydro-electric developments, in which he is especially interested as his Government is planning to develop the power of the Lempira River. He will visit the Grand Coulee Dam, Boulder Dam, the California Hydro-electric Development, TVA projects, and also possibly the General Electric Corporation and the Westinghouse Electric and Manufacturing Company.

## Legislation

An Act To amend the Act of May 19, 1926, entitled "An Act to authorize the President to detail officers and enlisted men of the United States Army, Navy, and Marine Corps to assist the governments of the Latin-American republics in military and naval matters" [to include, during wartime, other countries outside the Western Hemisphere if the President deems it to be in the public interest]. Approved October 1, 1942. [S. 2686.] Public Law 722, 77th Cong. 1 p.

Second Supplemental National Defense Appropriation Bill for 1943: Hearings before the subcommittee of the Committee on Appropriations, House of Representatives, 77th Cong., 2d sess. [Testimony of Laurence C. Frank, Executive Assistant to the Assistant Secretary of State, regarding appropriation on salaries of ambassadors and ministers, p. 173.] II, 538 pp.

## Treaty Information

### MUTUAL ASSISTANCE

Protocol Regarding the Delivery of Military Equipment to the Soviet Union by the United States and Great Britain

An announcement of the signature of a protocol regarding the delivery of military equipment to the Soviet Union by the United States and Great Britain appears in this *Bulletin* under the heading "The War".

### EXTRATERRITORIALITY

#### Relinquishment of Extraterritorial Rights in China

There appears in this *Bulletin* under the heading "The Far East" an announcement that the Chinese Government has been informed that this Government is prepared promptly to negotiate a treaty providing for the relinquishment of this country's extraterritorial rights in China and for the settlement of related questions.

## The Foreign Service

### CONFIRMATIONS

On October 8, 1942 the Senate confirmed the nomination of George Wadsworth, of New York, to act as Diplomatic Agent and Consul General of the United States of America near the Government of the Republic of Lebanon, at Beirut, and near the Government of the Republic of Syria, at Damascus.

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